

**IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS  
COUNTY DEPARTMENT, CHANCERY DIVISION**

ILLINOIS FINANCIAL SERVICES )  
ASSOCIATION, AN ILLINOIS NOT-FOR- )  
PROFIT CORPORATION; AMERICAN )  
FINANCIAL SERVICES ASSOCIATION, A )  
WASHINGTON DC, NOT-FOR-PROFIT )  
CORPORATION, )

Plaintiffs,

v.

Case No. 21 CH 2678

GOVERNOR JB PRITZKER, exclusively in )  
his official capacity as Governor of the State of )  
Illinois; ILLINOIS DEPARTMENT OF )  
FINANCIAL AND PROFESSIONAL )  
REGULATION; MARIO TRETO, JR. )  
exclusively in his official capacity as acting )  
Secretary of the Illinois Department of )  
Financial and Professional Regulation; and )  
FRANCISCO MENCHACA, exclusively in his )  
official capacity as Director of the Division of )  
Financial Institutions, )

Defendants.

**SETTLEMENT AGREEMENT AND GENERAL RELEASE**

This Settlement Agreement and General Release ("Agreement") is made and entered into by and between the Illinois Financial Services Association ("IFSA"), an Illinois not-for-profit corporation, and the American Financial Services Association ("AFSA"), a Washington DC, not-for-profit corporation (together "Plaintiffs"), and Governor JB Pritzker, exclusively in his official capacity as Governor of the State of Illinois ("Governor Pritzker"), the Illinois Department of Financial and Professional Regulation (the "Department"), Mario Treto, Jr., exclusively in his capacity as acting Secretary of the Department ("Secretary Treto"), and Francisco Menchaca, exclusively in his capacity as Director of the Department's Division of Financial Institutions ("Director Menchaca") (collectively "Defendants"). Plaintiffs and Defendants will be referred together as the "Parties."

## **RECITALS**

Whereas, on June 2, 2021, Plaintiffs filed a Verified Complaint for Injunctive and Other Relief ("Complaint") against Defendants relating to implementation of Public Act 101-0658 (the "P.A. 101-0658"), which was signed into law by Governor Pritzker on March 23, 2021. Public Act 101-0658 included the Predatory Loan Prevention Act ("PLPA");

Whereas, Plaintiffs claim that an amendment to the Consumer Installment Loan Act ("CILA") contained in the P.A. 101-0658 that imposes additional reporting requirements upon licensees ("Reporting Amendment"), is ambiguous and impossible to comply with;

Whereas, the P.A. 101-0658 now requires licensees under CILA to comply with 205 ILCS 670/17.5 and report all loans made pursuant to CILA to a Certified Database, as defined in Section 17.5;

Whereas, as of the date of this Settlement Agreement, the Department's rules, specifically 38 Ill. Adm. Code 110.290 and 38 Ill. Adm. Code 110.420, apply only to CILA loans that exceed an annual percentage rate of 36%;

Whereas, as of the date of this Settlement Agreement, the Department has not promulgated administrative rules describing the information that must be reported for CILA loans with an annual percentage rate at or below 36% or when such information must be reported;

Whereas, as of the date of this Settlement Agreement, the Certified Database has not been updated to permit licensed CILA lenders to report information for CILA loans with an annual percentage rate at or below 36% because rules implementing the Reporting Amendment have yet to be finalized;

Whereas, currently, CILA licensees are not in violation of the Reporting Amendment because the Reporting Amendment does not specify what information must be reported to the

Certified Database for loans with an annual percentage rate at or below 36% or indicate when such information must be reported by.

Whereas, On April 1, 2021, the Department issued a "Notice Regarding the Consumer Reporting Database and Public Act 101-0658" (the "*Notice*") announcing that the Department does not intend to take any adverse supervisory or enforcement actions relating to the Reporting Amendment for loans made after March 23, 2021 until further notice is issued by the Department.

Whereas, the above-captioned matter is presently pending before the Circuit Court of Cook County and, to avoid further expense and in recognition of the Parties' positions, the Parties wish to settle, compromise and terminate this Action ("Action").

### **TERMS**

The Parties agree to the following:

1. The Department agrees to refrain from enforcing the Reporting Amendment until at least ninety (90) days after: (a) the Department issues a public notification that the Certified Database has been modified to implement the Reporting Amendment, and (b) the Department has promulgated final administrative rules relating to the Reporting Amendment.
2. The Department agrees to refrain from assessing any fines, penalties, costs, or attorney's fees against Plaintiffs' members for failure to comply with the Reporting Amendment, which agreement shall be retroactive to the effective date of the Reporting Amendment and continue until ninety (90) days after: (a) the Department issues a public notification that the Certified Database has been modified to implement Reporting Amendment, and (b) the Department has promulgated final rules relating to the Reporting Amendment.
3. The Department is expressly not waiving any of its rights, remedies, or regulatory authority, including but not limited to, assessing any fines, penalties, costs, or attorney's fees for

violations of CILA or any other law related to any loan made before Public Act 101-0658 went into effect.

4. The Department is expressly not waiving any of its rights, remedies, or regulatory authority, including but not limited to, assessing any fines, penalties, costs, or attorney's fees for any violation of CILA or other law, except as expressly specified above.

5. The Plaintiffs are expressly not waiving any of their rights to challenge the terms of any provisions contained in Public Act 101-0658, the PLPA or CILA (collectively the "Acts") or any rules, regulations or notices issued by the Department in connection with these Acts, except as to the Reporting Amendment issues specifically raised in Plaintiffs' Complaint (i.e., Plaintiffs' current inability to comply with the Reporting Amendment for CILA loans with an annual percentage rate at or below 36%). However, Plaintiffs' waiver of the Reporting Amendment issues raised in the Complaint does not include a waiver of any of their rights to challenge any rules, regulations or notices that have yet to be adopted by the Department with respect to the Reporting Amendment.

6. The only remedy available for a violation of this Settlement Agreement shall be injunctive or declaratory relief.

7. Plaintiffs agree to dismiss their Complaint with prejudice within 10 days of the final execution of this Agreement.

8. This Agreement contains the entire agreement between the Parties. No promise has been made to pay or give any of the Parties any consideration other than as stated in this Agreement. All of the Parties' agreements, covenants, commitments and warranties, express or implied, oral or written, concerning this Agreement's subject matter are contained in this Agreement.

9. The Parties enter into this Agreement as a free and voluntary act with full knowledge of its legal consequences, and in doing so represent and warrant that none of the Parties have relied on any information or representation by the Parties, their counsel, or other agents, oral or written, that are not contained in this Agreement.

10. A copy of this Agreement shall be made publicly available by the Department within ten (10) days of this Agreement being fully executed.

11. This Agreement shall be construed and interpreted in accordance with the laws of the State of Illinois, without regard to principles of conflict of laws.


12. This Agreement may not be changed, modified or assigned except by unanimous written agreement of the Parties and the Illinois Attorney General.

13. This Agreement shall not be construed to constitute a waiver of sovereign immunity of the State of Illinois or any of its agencies, including the Department and the Governor.

14. If any provision of this Agreement is declared invalid or unenforceable, the balance of this agreement shall remain in full force and effect, with the offending provision or provisions being severed from the Agreement.

15. This Agreement may be executed in multiple counterparts and shall be deemed effective when executed by all the Parties.

AGREED:

  
\_\_\_\_\_  
Plaintiff Illinois Financial Services  
Association

12/06/21

\_\_\_\_\_  
Date

Plaintiff American Financial Services  
Association

Counsel for

Date

12-6-21

Date

On behalf of the Illinois Department  
of Financial and Professional Regulation

General Counsel

Title

11/29/21

Date

On behalf of Secretary Treto

11/29/21

Date

On behalf of Director Menchaca

11/29/21

Date

On behalf of the Office of the Governor  
of the State of Illinois

General Counsel

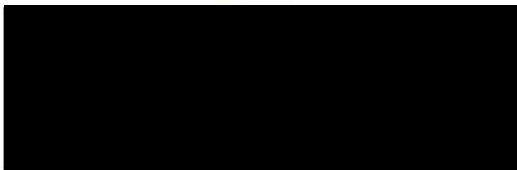
Title

12/3/21  
Date

Assistant Attorney General  
Counsel for Defendants

12-6-2021

Date



Plaintiff American Financial Services  
Association

12/7/21  
Date

\_\_\_\_\_  
Counsel for Plaintiffs

\_\_\_\_\_  
Date

\_\_\_\_\_  
On behalf of the Illinois Department  
of Financial and Professional Regulation

\_\_\_\_\_  
Date

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Title

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On behalf of Secretary Treto

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Date

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On behalf of Director Menchaca

\_\_\_\_\_  
Date

\_\_\_\_\_  
On behalf of the Office of the Governor  
of the State of Illinois

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

\_\_\_\_\_  
Assistant Attorney General  
Counsel for Defendants

\_\_\_\_\_  
Date